

Message Text

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ORIGIN ABF-01

INFO OCT-01 OES-06 FS-01 ISO-00 EUR-12 AGRE-00 CIAE-00
COME-00 DODE-00 DOTE-00 EB-08 EPA-01 HEW-04 HUD-01
INR-07 INT-05 LOC-01 NASA-01 NSAE-00 NSF-01 OMB-01
USIA-06 SMI-01 TRSE-00 /058 R

DRAFTED BY: A/BF/FC:RWHITENER
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-----171725 081021 /43
P 171553Z FEB 77
FM SECSTATE WASHDC
TO AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: OSCI, TGEN, PL

SUBJECT: SFCP: DEPOSIT OF PROJECT FUNDS

REF: (A) WARSAW 610, (B) WARSAW 655, (C) WARSAW 731,
(D) WARSAW 837

1. EMBASSY IS OF COURSE CORRECT THAT THE DAVIES-KRZAK
AGREEMENT OF DECEMBER 11, 1976 PROVIDES THAT THE TOTAL
AMOUNTS COMMITTED BY GRANTS OR CONTRACTS AGREED TO AFTER
CONCLUSION OF THE AGREEMENT BE DEPOSITED IN THE JOINT FUND,
INCLUDING SUPPORT COSTS TO BE TRANSFERRED IMMEDIATELY TO
THE SUBSIDIARY JOINT FUND ACCOUNT. UNFORTUNATELY,
CONCLUSION OF THE AGREEMENT WAS DELAYED FROM OCTOBER 9
UNTIL DECEMBER 11. (ADVICE THAT THE SUBSIDIARY ACCOUNT
HAD BEEN ESTABLISHED WAS NOT RECEIVED HERE UNTIL JANUARY
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27.) BY THIS TIME WE WERE VERY CLOSE TO THE DECEMBER 31
DEADLINE FOR THE OBLIGATION OF FUNDS, AND VIRTUALLY WITHIN
THE CHRISTMAS/NEW YEARS HOLIDAY SEASON. MOST DOCUMENTATION
FOR PENDING GRANTS HAD BEEN DEVELOPED AND WAS IN AGENCY
PIPELINES PRIOR TO SIGNATURE OF THE NEW AGREEMENT, AND
WAS THEREFORE CONSISTENT WITH PRIOR PRACTICE. OUR MOST
URGENT OBJECTIVE WAS TO FACILITATE FULL USG AGENCY

OBLIGATION OF FUNDS BEFORE THE DECEMBER 31 CUT-OFF, AND
TAKING THE TIME TO REVISE THE DOCUMENTATION WOULD HAVE

RISKED SIGNIFICANT REDUCTION IN USG DEPOSITS TO JOINT
FUND. THEREFORE, WE USED THE AVAILABLE DOCUMENTATION
FOR GRANTS PREPARED ON THE OLD BASIS, WHICH INVOLVED THE
WITHHOLDING OF CERTAIN SUPPORT COSTS.

2. THE FUNDS AVAILABLE FOR JOINT FUNDING HAVE NOW BEEN
FULLY OBLIGATED BY THE COOPERATING USG AGENCIES. WE
INTEND TO IMPLEMENT THE AGREEMENT UNDERSTANDING BY
FORWARDING INSTRUCTIONS (BY CABLE WHERE FEASIBLE) FROM
EACH AGENCY FOR THE DEPOSIT OF ANY FUNDS WITHHELD FROM
THE JOINT FUND UNDER PROJECT AGREEMENTS CONCLUDED SINCE
DECEMBER 11, WITH THE EXCEPTION OF FUNDS FOR THE
ADMINISTRATIVE EXPENSES OF THE COUNTERSIGNER. YOU MAY
EXPECT THE FIRST OF THESE INSTRUCTIONS SHORTLY.

3. WE PLAN TO WITHHOLD FUNDS FOR COUNTERSIGNER EXPENSES
UNTIL WE HAVE REACHED AN UNDERSTANDING WITH POLISH
JOINT BOARD MEMBERS THAT THE MONEYS WILL BE USED FOR THE
INTENDED PURPOSE. EMBASSY MAY RECALL OUR REQUEST IN
STATE 270050 OF NOVEMBER 3 THAT EMBASSY SEEK POLISH
AGREEMENT IN SUBSTANCE NOW TO US PROPOSAL FOR THE USE OF
3 MILLION ZLOTYS FROM US CONTRIBUTION FOR COUNTERSIGNER
SUPPORT, SO THAT THE JOINT BOARD ACTION ON THIS MATTER
WOULD BE MERE CONFIRMING FORMALITY. EMBASSY MAY ALSO
RECALL OUR SUGGESTION IN STATE 312106 THAT KSANDER AND
PAWLISZEWSKI, AS REPRESENTATIVES OF JOINT BOARD, AGREE ON
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BUDGET FOR CALENDAR YEAR 1977 FOR IMMEDIATE
IMPLEMENTATION BUT SUBJECT TO RATIFICATION BY FULL
BOARD AT ITS NEXT SESSION. WE HAVE NOT BEEN ADVISED OF
ANY UNDERSTANDING. IF THESE FUNDS SHOULD BE DEPOSITED
PRIOR TO REACHING AGREEMENT THAT THEY WILL BE USED FOR
COUNTERSIGNER EXPENSES, WE BELIEVE WE WOULD LOSE
CONSIDERABLE NEGOTIATING LEVERAGE TO ENSURE SUCH
AGREEMENT. EMBASSY WILL RECALL THAT USG AGENCIES WERE
ASKED BY POLISH GRANTEE INSTITUTIONS TO ELIMINATE
SPECIFIC PROVISIONS IN PROJECT AGREEMENTS IDENTIFYING
SUPPORT FUNDS FOR THE COUNTERSIGNER. ONCE DEPOSITED,
POLISH JOINT BOARD MEMBERS COULD FORCE USE OF THE FUNDS
FOR OTHER RESEARCH PURPOSES BY REFUSING TO AGREE TO THE
FULL 3 MILLION ZLOTY BUDGET. PRIOR TO DEPOSIT, THE
PROJECT AGREEMENTS TECHNICALLY COULD BE AMENDED TO
ELIMINATE FUNDS IN EXCESS OF APPROVED COUNTERSIGNER
BUDGET.

4. RE PARA 4, REFTTEL (A), AGENCIES ARE NOW ENGAGED IN

DEVELOPMENT OF INDIVIDUAL STATEMENTS REQUIRED BY
PARAGRAPHS B6 AND B7 OF THE DECEMBER 11 AGREEMENT.
COMPLETION OF THESE STATEMENTS IS NECESSARY PREREQUISITE
TO ACTION REQUIRED BY PARAGRAPH B4. EMBASSY ASSISTANCE

MAY BE NECESSARY IN SOME INSTANCES TO DETERMINE WHERE
AGENCY TRAVEL AUTHORIZATIONS HAVE EXCEEDED ACTUAL
EXPENDITURES. VANCE

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 17-Feb-1977 12:00:00 am
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